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SUBJECT: AMBASSADOR'S VISIT HIGHLIGHTS CEBU'S BRIGHT HORIZONS

REFS: A) Manila 561 B) 06 Manila 2389

11. SUMMARY: The Ambassador's October 4 visit to Cebu highlighted the opportunity the vital role American businesses play in the commercial life of the Philippines' second city. Buttressed by a live television interview and a roundtable with print media business editors, the Ambassador opened an "American Showcase" exhibition of U.S. products and services, toured a milling company that uses American wheat, spoke to the local American Chamber of Commerce about the impact of U.S. businesses, and inaugurated a family health center at the subsidiary of an American market research firm. The Ambassador also called on the Central Command of the Armed Forces of the Philippines, whose commander provided an overview of the priorities and challenges within his area of responsibility. As they did during the Ambassador's visits to Cebu in February 2007 and June 2006 (reftels), Cebu's prospects in both the commercial and military spheres appear bright. End summary.

THE SECOND CITY

12. With a population of 3.36 million persons (according to the 2000 census), Cebu is the Philippines' second-largest city. Owing to its location in the resort-rich Visayas island group, Cebu boasts more international airline connections than Manila. Its seaport, the country's busiest, captures the lion's share of Filipino shipping, and a pro-business local government has in recent years extended tax abatements and other inducements to international businesses such as call centers and electronic-component assembly plants. Locals point with pride to nearly five centuries of Christianity and trade with the West (opened by Magellan, who was killed near Cebu), reasonably orderly traffic, relatively modest pollution, and a can-do spirit of workers here as evidence that-akin to the Hertz rental car "we try harder" advertisements of years past-they embrace the challenge of living in Manila's shadow.

LOCAL MEDIA HOSTS AMBASSADOR

13. Appearing for an October 4 live interview on the local equivalent of "Good Morning America," the Ambassador spoke directly to the residents of the greater Visayas region about the reasons for her visit to Cebu. She identified commerce as the engine propelling the fastest-growing economy in the Philippines and noted that the city has proven receptive to U.S.-Philippine investment and business partnerships. Her hosts lauded the Ambassador's inauguration of the FCS-sponsored "American Showcase" exhibition at a local hotel later that day, wherein the products and services of 16 U.S. companies were highlighted. At breakfast afterwards with four Cebu-based business editors, the Ambassador praised the city's pro-business climate and reiterated the importance to continued economic growth in the Visayas region of opportunities such as those represented by the "American Showcase."

SHOWCASING SUCCESS

¶4. The centerpiece of the Ambassador's visit to Cebu was a ribbon-cutting ceremony opening the FCS-sponsored "American Showcase" exhibition of 16 brands from 14 U.S. firms. These firms—including such names as Ford, Kraft, Citibank and Goodyear—came with the goal of highlighting a positive American "brand-name" outside of metropolitan Manila. The Ambassador stressed the diversity of U.S. businesses seeking partnerships in Cebu and the determination American firms have shown in expanding beyond Manila. Both themes resonated with an energetic, full-to-capacity crowd eager to increase partnerships with U.S. corporations.

DIVERSITY AND DETERMINATION

¶5. A tour of the General Milling Company (GMC) complex on nearby Mactan Island reinforced the diverse nature of the American presence in local businesses. A family establishment that has grown from a single mill to a 17-hectare, vertically-integrated agribusiness empire, GMC produces flour, animal feeds, yeast, and consumer goods such as pastas and edible oils. Afterwards, at a luncheon hosted by the American Chamber of Commerce-Cebu, the Ambassador spoke on the subject "Faces of American Business in the Philippines," framing for the Chamber's 80 members and guests the key elements underpinning a viable bilateral business roadmap. The Ambassador observed that few partnerships come close to embodying such tremendous potential for growth.

CORPORATE RESPONSIBILITY

¶6. The Ambassador's visit to the Western WATS data collection

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facility focused attention on a fact that American corporations have long recognized: providing for worker welfare is critical to ensuring the health of businesses and the communities in which they reside. The Utah-based Western WATS established operations near Cebu in 2003, with 1,300 full-time workers; its family health center—established with USAID assistance--serves as a model of corporate responsibility in the Philippines. After being briefed on the center's pioneering, on-line reproductive health information portal, the Ambassador officially launched the site.

REINFORCING MILITARY TIES

¶7. Later in the day, the Ambassador met with Maj. Gen. Victor Ibrado and his senior staff at Armed Forces of the Philippines (AFP) Central Command headquarters. Ibrado emphasized the armed forces' focus on humanitarian efforts by highlighting civil-military projects throughout Central Command's area of operations, reporting that it has been the key to success against communist insurgents. He added, however, that both the Samar and Negros Oriental provinces still suffered from extreme poverty, making them isolated hotbeds of activity for the New People's Army (NPA). Ibrado noted the utility of U.S. ship visits in promoting goodwill and said that future visits could be tied to civil-military operations such as medical or engineering civil action plans. He and his staff thanked the Ambassador for the recent delivery of ten UH-1 helicopters and for ten more planned for 2008 delivery.

COMMENT

¶8. The Ambassador's visit revealed high levels of interest in increasing American business presence in Cebu, with industrial icons—as well as lesser-known companies and start-ups—enjoying remarkable market acceptance. Cebuanos have focused on forging a distinct "brand" to attract positive attention and investment. Buoyed by a booming economy and heartened by the AFP's success in addressing the regional terrorist threat, residents of the Philippines "second city" have good reason for optimism about the future.

KENNEY